Levine Blaszak Block & Boothby LLP

October 27, 2008

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: *Ex Parte* filing in *Developing a Unified Intercarrier Regime,* CC Docket No. 01-92; *High-Cost Universal Service Support*, WC Docket No. 05-337; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Intercarrier Compensation for ISP-Bound Traffic*, WC Docket No. 99-68; and *Establising Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135

Dear Ms. Dortch:

Chairman Martin apparently has proposed new rules and policies that would change "intercarrier compensation" mechanisms and the Universal Service Fund contribution assessment methodology. The AdHoc Telecommunications Users Committee hereby goes on record in opposition to that which we understand to be Chairman Martin's proposal.

For the first time in the Commission's history, Chairman Martin would have the FCC increase the business Subscriber Line Charges (SLCs) far above the actual costs of those lines, even in areas served by the country's largest telephone companies who are earning record-breaking profits. The damage done by Chairman Martin's intercarrier compensation proposal would be compounded by his suggested changes to the manner in which Universal Service Fund (USF) contributions are assessed.

AdHoc objects to significant portions of the changes proposed by Chairman Martin because they constitute bad rate making policy and would harm American businesses and the economy at large. The Commission must understand that its policies affect the economy at large, not just the industries it regulates.

At a time when American businesses are already experiencing economic stresses that are unprecedented in our nation's recent history, the Commission apparently expects businesses (and consequently their customers) to pay artificially high prices for telecommunications services, a critical input for most businesses in the 21st century. By forcing prices up for services whose costs have dropped dramatically

2001 L Street NW • Suite 900 • Washington, DC 20036 • 202.857.2550 • 202.223.0833 Fax www.lb3law.com

due to the many advances and innovations in communications technologies over the past few years, Chairman Martin's proposed changes would deny customers the economic benefits of those developments and stifle the efficiencies and productivity gains that businesses need in order to compete in a difficult economic times. Attached to this letter is an explanation of a study of the macro economic effects of Chairman Martin's proposal. Economics and Technology, Inc. (ETI), AdHoc's economic consultant, prepared the study. ETI's study shows that Chairman Martin's proposal would result in 120,000 jobs lost and over three years a $36.5 billion reduction in the Gross Domestic Product. The Commission should not adopt policies that could produce these effects when other parts of the Federal government are trying to stabilize the economy and help American businesses weather the financial crisis and economic recession.

AdHoc urges the Commission to reject "intercarrier compensation" and universal service assessment schemes, such as proposed by Chairman Martin, that target business customers for unreasonably discriminatory and unjustified rate increases. The FCC's policies should protect, not exploit, customers whose businesses depend on reasonably priced telecommunications services.

The Commission should consider the full consequences of changes to the inter-carrier compensation mechanisms and to the USF contribution assessment methodology. Much is at stake, so the Commission should review all relevant matters carefully, not hastily.

Respectfully submitted,

James S. Blaszak
Levine, Blaszak, Block & Boothby, LLP
2001 L Street, NW
Suite 900
Washington, DC 20036

Counsel for Ad Hoc Telecommunications Users Committee

Attachments

CCs: Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell